

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made this 17th day of July, 2019, between Guastella Associates, LLC ("GA"), a Florida limited liability company and Kiawah River Utility Company ("Company" or "Utility"), a South Carolina corporation, the Company's parent corporation, Kiawah River Utility Holdings, LLC ("Parent"), a South Carolina limited liability company, together with their heirs, assigns and successors (collectively, the Company and Parent are referred to hereafter as "Clients"). Clients and GA are collectively the "Parties".

BACKGROUND

- A. GA provides rate, valuation and management services to water and wastewater utilities.
- B. If the Company retains GA to provide general rate and valuation services such services would be independent, separate and apart from this Agreement.
- C. The Company wishes to enter into this Agreement with GA, to provide management services to the Company that assist in the long-term success of the Company. The Parent is joining into this Agreement and is agreeing to be jointly and severally responsible with the Company to pay the Compensation specified in Article III of this Agreement in order to induce GA to enter into this Agreement and to agree to provide the services specified below to the Company, which will provide a material benefit to Parent. GA would not otherwise enter into this Agreement without the inclusion of Parent.

NOW THEREFORE, in consideration of the promises and covenants herein the Parties agree as follows:

ARTICLE I. COMPANY'S GOALS

GA's management of the Company shall be guided by the following Company goals:

- 1. Provide safe and adequate wastewater service to customers on a continuous basis, and respond to customer inquiries quickly, accurately and courteously.
- 2. Assist contract operators, as requested, to comply with all environmental and economic regulatory requirements, and maintain operational records as required by the South Carolina Department of Health and Environmental Control ("DHEC") that are necessary to monitor the physical operation of the Company on an ongoing basis as well as to plan for future additions and replacements.
- 3. Establish and maintain excellent relations with customers, community associations and regulators, including the DHEC, the South Carolina Public Service Commission ("PSC") and the Office of Regulatory Staff ("ORS").
- 4. Maintain financial books and records in accordance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts prescribed by the PSC in order to accurately record the cost of providing service and reflect the financial condition of the Company, and to justify the need, as appropriate, for general rate changes as well as support for special fees and charges.

5. Operate the Company efficiently and manage its assets in order to minimize the rates charged to the customers but also to achieve a reasonable profit for the Parent so that the Company will be able to maintain financial viability and attract capital.

ARTICLE II. SCOPE OF SERVICES

GA will advise and report to the Company's officers and/or board of directors (as directed), and the Company's officers will be responsible to delegate to GA the authority to act on behalf of the Company in certain matters as identified by such officer in order to allow GA to provide the services mentioned below. GA shall have the right to rely upon direction from the Company's officers as having full authority to act on behalf of the Company without the need to confirm such authority with the Company's board of directors, the Parent or any other third parties. GA will provide the following services on behalf of and in the name of the Company:

1. Maintain books and records, including accounting and financial records as well as operational records, as provided by the Company's contract operator, in accordance with the uniform system of accounts prescribed by the PSC and required by the DHEC.
2. Perform all billing, accounting and collecting (other than commencing litigation), including the preparation of customer account records and billing analyses as necessary for rate filing requirements. Prepare financial and operating reports to regulatory agencies, including annual reports to the PSC. Prepare annual budgets and financial reports to the Parent, as well as periodic (quarterly) financial and operating reports, as requested.
3. Provide information and assistance to outside tax accountants, consultants, engineers and attorneys as required in the normal course of business.
5. Revise and maintain general tariff provisions as to rates and terms of service, in compliance with changes approved by the PSC.
6. Be responsible for and carry out all other business incidental to the ordinary course of business management and operation of the Company.

GA will not be responsible for:

1. Obtaining short- and long-term financing, as available and necessary, for operations and capital improvements, or preparing the necessary documentation for lenders.
2. Supervising the day-to-day operation and maintenance of the Company's utility system, including supervision of employees, vendors, contractors and outside professionals as appropriate to operation, maintenance and expansion the Company's system. Company will, however, require employees, vendors, contractors and outside professionals to comply with GA's directives related to the detailed identification and distinguishing of such tasks as operation and capital costs in order for GA to properly prepare books and records, as well as to provide necessary documentation of such costs (related invoices, agreements, time records, etc.).
3. Complying with environmental requirements and maintaining operational records as required by the DHEC that are necessary to monitor the physical operation of the utility on an ongoing basis as well as to plan for future additions and replacements.
4. Directing or supervising plant expansions, capital improvements and replacements.
5. Implementing contracts with developers and customers, or negotiating and implementing

new contracts for service.

The above scope of services does not include, among other things, the preparation and filing of general rate increases, separate financial support documentation related to debt financing (except for providing books and records normally prepared and maintained), any economic and environmental regulatory investigations and proceedings for special or unusual issues, appraisals, valuations or other matters that are not routine in the day-to-day management or that would typically require the services of outside consultants. The Company may employ GA for such work under separate agreement and with the prior approval of the president of the Company.

ARTICLE III. COMPENSATION FOR MANAGEMENT SERVICES

The Clients shall be jointly and severally liable to pay GA the following compensation ("Compensation") in the amounts specified below:

1. **Management Fee.** In the first month that the Utility begins serving customers, the Clients shall pay GA a Management Fee in the amount of \$5,000 per month for 12 months, payable in advance on the 1st day of each month, plus all of GA's out-of-pocket traveling expenses (including without limitation, transportation, room and board) and mileage reimbursement at the then current rate. Beginning on the 1st and 2nd anniversary hereof, the Management Fee shall be \$6,000 and \$7,000 per month, respectively. If the Management Agreement is renewed after the Initial Term, the monthly fee shall increase to \$8,000 and for further renewals thereafter at 3.0% annually.

The Compensation includes all of GA's profit and overhead, and GA shall not bill any charges for office rent, equipment, furniture, computers and supplies owned and used by GA. The Company, however, shall continue to pay, at its sole cost and expense, its own employees, other contractors, repairs, maintenance, supplies, power, chemicals, taxes, regulatory assessment fees and all other operating expenses. GA shall also maintain insurance with respect to general and professional liability in such amount and under such terms that are reasonably acceptable to the Company. GA shall provide certificates of insurance on an annual basis to the Company and shall not cancel or terminate the insurance during the term of the agreement. GA has calculated and designed its Compensation for the above services at a cost that is generally in the range of allowable fees for rate setting purposes. The Parties intend that the Management Fee will be covered by general rates for services without subsidization by the Clients. However, the Clients understand and agree that GA's Management Fee is not contingent on the fees being allowed in general rates for services because the rates are subject to, among other things, Company policy, unanticipated PSC decisions, regulatory lag or unusual events that would impact costs and timely cost recovery; and the Clients, in any case, shall still owe and pay GA's Management Fee. The Compensation to be paid does not include the physical operation of the utility system that is performed by the Company's own employees and contractors, for which the Company shall continue to be separately and solely responsible.

ARTICLE IV. TERM

The initial term of this Agreement shall begin on the date hereof and shall end on December

31, 2021 ("Initial Term"). After the Initial Term, this Agreement shall be automatically renewed on December 31 of each year for successive one-year terms unless either the Company or GA delivers a written notice of nonrenewal to the other no later than ninety (90) days before the end of the then-existing term.

ARTICLE V. TERMINATION

The Company may terminate this Agreement for cause if GA, after being notified in writing by the Company of any failure by GA to perform its duties under this Agreement, fails to correct any failure of performance within thirty (30) days of receiving the Company's notice, or if such cure shall take longer than 30 days, fails to implement such cure within the 30 day period and to diligently pursue such cure until completed. GA may terminate this Agreement for cause if the Clients, after being notified in writing by GA of any failure by the Clients to perform their duties under this Agreement, fail to correct any failure of performance within thirty (30) days of receiving GA's notice, or if such cure shall take longer than 30 days, fail to implement such cure within the 30 day period and to diligently pursue such cure until completed. Either GA or the Company may terminate this Agreement without notice if the other party, through any of its officers, directors, employees or shareholders, undertakes any illegal actions such that any of the Parties' officers, directors, employees or shareholders are convicted of a felony or misdemeanor involving a crime of moral turpitude. GA or the Company may terminate this Agreement without cause by giving the other sixty (60) days advance written notice of its election to terminate the Agreement. In the event of termination of the Agreement by the Company for cause or because of any illegal actions by GA's officers, directors, employees or shareholders or by GA without cause, the Clients shall pay GA any unpaid Compensation on a prorated basis up to and including the date of termination. In the event of termination of the Agreement by GA for cause or because of the illegal actions by the Stockholders or any of the Clients' officers, directors, employees or shareholders, the Clients shall pay GA any unpaid Compensation up to the end of the then existing term.

ARTICLE VI. MISCELLANEOUS

A. Assignment. The Clients shall not assign this Agreement without GA's express written consent. GA may not assign this Agreement without the Company's express written consent.

B. Choice of Law. This Agreement shall be governed by, and construed under, the laws of South Carolina without regard to the principles of conflict of law. Venue for any legal action under this Agreement shall be in the courts of the State of South Carolina, Charleston County, South Carolina.

C. Construction of Agreement. The Parties acknowledge that they have read this Agreement and have had the opportunity to be advised by legal counsel of their choice. This Agreement shall not be construed against any party because the party or its attorneys prepared the document. Typewritten or handwritten provisions inserted in this Agreement that are initialed by the Parties shall control over all printed provisions of this Agreement in conflict therewith.

D. Counterparts/Facsimile. This Agreement may be executed in one or more counterparts,

each of which shall be deemed an original, but all of which shall constitute one and the same Agreement. A signature received by facsimile or electronic mail shall be deemed an original.

E. Entire Agreement. This Agreement constitutes the entire agreement between the Parties and cannot be waived or amended except by a written instrument executed by all Parties. None of the Parties have relied upon any information, representation, warranty or statement, whether oral or written, express or implied, made by anyone that is not expressly stated in this Agreement. Neither this Agreement nor any notice thereof shall be recorded in any public records.

F. Further Documents: The Parties agree to execute all documentation reasonably requested to give full force and effect to this Agreement.

G. Headings. The headings and titles of the Agreement provisions are for the convenience of the Parties only, and are not determinative of the contents of any paragraph. All paragraphs are to be interpreted by reviewing the entire contents of the paragraph.

H. No Waiver. No waiver of any provision of this Agreement shall be effective against any party unless it is in writing and signed by the party waiving such provision. A written waiver shall only be effective as to the specific instance for which it is obtained and shall not be deemed a continuing or future waiver.

I. Notices. All notices, requests, demands, instructions, consents and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if and when (a) personally served, (b) sent by first class certified or registered mail, postage prepaid, return receipt requested, (c) transmitted by prepaid telegram, telex, or facsimile or by electronic mail, or (d) sent by a nationally recognized express courier service, postage or delivery charges prepaid to the parties at the addresses set forth above, or at such other address as either of them shall hereafter specify in writing or by facsimile transmission.

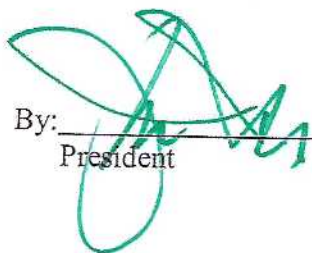
J. Persons Bound. This Agreement shall bind and inure to the benefit of the Parties, their heirs, successors and assigns. Whenever the context permits, singular shall include plural and one gender shall include all.

IN WITNESS WHEREOF, the Parties hereto have signed this agreement on the date specified below.

Guastella Associates, LLC, a Florida
limited liability company

By: 
John F. Guastella, Managing Member

Kiawah River Utility Company
a South Carolina corporation

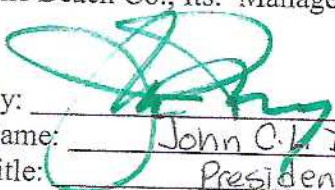
By: 
President


Kiawah River Utility Holdings, LLC
a South Carolina limited liability company

By: Kiawah River Investment, LLC, Its: Sole Member

By: Beach O'Hear Pointe, LLC, Its: Managing Member

By: The Beach Co., Its: Manager

By: 
Name: John C. Darby
Title: President

By: 
Name: Tyler E. Cooper
Title: Vice President